

Message Text

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ACTION NEA-10

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USIA-06 SAM-01 OES-06 SP-02 SS-15 STR-04 TRSE-00

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R 271306Z AUG 76
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 7998
INFO AMEMBASSY LONDON
AMEMBASSY SINGAPORE
AMCONSUL BOMBAY
AMCONSUL MADRAS
AMCONSUL CALCUTTA

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C O R R E C T E D C O P Y-MRN 12667 VICE 2667

DEPT PLEASE PASS TO USGS, USBURMINES

E.O. 11652: N/A
TAGS: ENRG, IN
SUBJECT: RECENT DEVELOPMENTS IN BOMBAY HIGH

REF: NEW DELHI A-208

SUMMARY: DESPITE RECENT PRESS REPORTS ABOUT FOCUSING GREATER AT-
TENTION TO ONSHORE EXPLORATION, THERE APPEARS TO BE NO LET UP IN
OFFSHORE ACTIVITIES. RAMASWAMY, MEMBER OFFSHORE, ONGC CONFIRMED
THAT THERE WERE NO FINANCIAL CONSTRAINTS TO ANY OFFSHORE REQUIRE-
MENT ONGC CONSIDERS ESSENTIAL. ASSUMING THIS POLICY TO PREVAIL
AND THE DRILLING PROGRAMS KEEP PACE WITH THE PROPOSED PIPELINE
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SCHEDULE AND OTHER INTRASTRUCTURE DEVELOPMENTS, INCLUDING ON-

SHORE TERMINAL FACILITIES, FALL IN LINE, THE PROSPECTS OF REACHING AN ANNUAL PRODUCTION OF 10 MILLION METRIC TONS BY 1980/81 WOULD APPEAR TO BE WITHIN RANGE. END SUMMARY.

1. THE MINERALS ATTACHE CALLED ON DR. RAMASWAMY, MEMBER OFFSHORE, ONGC, ON AUGUST 25 IN AN EFFORT TO OBTAIN AN UPDATED PICTURE ON RECENT OFFSHORE BOMBAY HIGH (BH) DEVELOPMENTS. ACCORDING TO RAMASWAMY, PRESENT PRODUCTION REMAINS AROUND 10,000 B/D WITH THE TARGET OF 40,000 B/D PRODUCTION RATE BY YEAR END OR JANUARY 77 AT THE LATEST. HOWEVER, BY APRIL OR MAY 1977 THIS RATE IS EXPECTED TO DOUBLE TO 80,000 B/D FROM 16 TO 17 WELLS ON FIVE PLATFORMS PLUS POSSIBLY ONE SUBSEA WELL. THIS WOULD, HOWEVER, BE THE MAXIMUM LIMIT ONGC COULD ACHIEVE UNTIL A SUBSEA PIPELINE WAS COMPLETED WHICH RAMASWAMY STATED SHOULD BE IN OPERATION BEFORE THE 1978 MONSOON SEASON BEGINS. ONCE THE PIPELINE CONSTRAINTS ARE REMOVED AND DRILLING OPERATIONS PROCEED WITHOUT A HITCH, HE BELIEVES THAT IT WILL BE A RELATIVELY SIMPLE MATTER FOR PRODUCTION TO JUMP TO 150,000 B/D OR EVEN 200,000 B/D, WHICH IS THE ANNUAL PRODUCTION TARGET FOR THE BH. HE WOULD NOT SPECULATE ON THE NUMBER OF WELLS REQUIRED TO MEET THIS TARGET, BUT INDICATED THAT THIS COULD INCLUDE SOME PRODUCTION FROM THE BASSEIN STRUCTURE. RAMASWAMY MENTIONED THAT WHILE PRODUCTION FROM THE BASSEIN STRUCTURE WAS PLANNED FOR EARLY NEXT YEAR IT HAS SINCE BEEN DELAYED UNTIL AFTER THE 1977 MONSOON, PRIMARILY DUE TO LACK OF TECHNICAL MANPOWER. PRODUCTION FROM THIS STRUCTURE WOULD NOT IN ANY CASE BE DEPENDENT ON A PIPELINE, RAMASWAMY SAID. HE ALSO ADDED THAT THE DEEPER CONTINENTAL SHELF (UP TO 600 FEET DEPTHS) WEST AND SOUTHWEST OF THE BOMBAY HIGH LOOKED EXTREMELY PROMISING BASED ON A SEISMIC SURVEY BY PETTY RAY (US) WHERE SUBSEQUENTLY EXPLORATORY DRILLING HAS BEEN TAKEN UP. A SPECIAL CELL TO MONITOR EXCLUSIVELY THE DCS HAS BEEN ESTABLISHED UNDER THE DIRECT SUPERVISION OF MINISTER MALAVIYA. RAMASWAMY FURTHER ADDED THAT THERE WERE A NUMBER OF STRUCTURES IN THE OFFSHORE AREA AROUND THE BH THAT WHEN EXPLOITED COULD EQUAL SEVERAL BOMBAY HIGHS.

3. RAMASWAMY STATED THAT ONGC WAS EXTENDING MCDERMOTT'S CONTRACT FOR ABOUT SIX MONTHS, UNTIL NEXT APRIL OR MAY IN ORDER TO INSTALL A FIFTH PLATFORM "E", ABOUT 3 KMS, NORTH OF "D" AND A SECOND 40,000 B/D PROCESSING UNIT ON PLATFORM "C" ALONG WITH THE LIMITED OFFICIAL USE

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NECESSARY SUBSEA PIPELINES AND TIEBACKS. TO DATE, ONLY PLATFORM "A" WITH FOUR WELLS AND A 40,000 B/D PROCESSING UNIT HAS BEEN INSTALLED ALONG WITH ONLY ONE SBM (SINGLE BUOY MOORING SYSTEM) TO WHICH THE STORAGE TANKER IS MOORED. INSTALLATION OF THE REMAINING FOUR PLATFORMS AS WELL AS THE SECOND SBM, IS TO COMMENCE FOLLOWING MONSOON.

3. THE FEASIBILITY REPORT ON THE SUBSEA PIPELINE BEING PREPARED

BY PIPELINE TECHNOLOGISTS IS TO BE SUBMITTED TO ONGC IN DRAFT
IN SEPTEMBER FOLLOWED BY A FINAL REPORT ON OCTOBER 4. UNTIL THIS
REPORT HAS BEEN THOROUGHLY EVALUATED BY THE GOI, RAMASWAMY
WOULD NOT SPECULATE ON THE PIPELINE CHARACTERISTICS OR COSTS.
SINCE THE WORLD BANK HAS EXPRESSED INTEREST IN THE PROJECT ALONG
WITH SEVERAL COMMERCIAL BANKS HE FELT THAT FINANCING WOULD BE NO
PROBLEM IN THE MEANTIME, PETER RANKEN ENGAGED IN A STUDY OF THE
ONSHORE PIPELINE TERMINAL COMPLEX, FABRICATION YARDS AND SUPPLY
BASE WOULD BE SUBMITTING THEIR REPORT BY SEPTEMBER 15.

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CIAE-00 CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02

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INFO AMEMBASSY LONDON

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4. ONGC IS NOW NEGOTIATING WITH SEVERAL US FIRMS FOR A DRILL
SHIP TO REPLACE THE "DALMOHOY" WHICH IT LET GO FOR FAILURE TO
PERFORM SATISFACTORILY DURING THE MONSOON IN JUNE 1976. THE
CONTRACT WAS TERMINATED WITH THE UK FIRM, BUT THE ISSUE IS STILL
LIKELY TO COME UP FOR ARBITRATION. ONGC IS NOW SEEKING ANOTHER

DRILL SHIP ON A CHARTERED BASIS. WELL AWARE OF THE SLUMP IN THE INTERNATIONAL MARKET WITH RESPECT TO OFFSHORE RIGS, RAMASWAMY SAID ONGC WAS SEEKING THE MOST FAVORABLE TERMS POSSIBLE INCLUDING ZERO DAY RATE FOR DOWN TIME (I.E. NO CHARGE) FOR THE DAYS THE SHIP FAILS TO OPERATE DUE TO WEATHER CONDITIONS. THE CONTRACT WOULD BE FOR ONE YEAR WITH A SIX MONTHS OPTION TO EXTEND. WHILE NO NAME WAS FORTHCOMING, IT WAS ALMOST CERTAIN THAT THE DRILL SHIP WOULD BE U.S. THIS WOULD BE THE SECOND AMERICAN OFFSHORE RIG TO BE DEPLOYED IN THE BH.

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5. ACCORDING TO RAMASWAMY ONGC HAS ALSO CONSIDERED USE OF PACKAGE RIGS, WHICH ARE PORTABLE AND EASILY MOUNTABLE ON PLATFORMS, BUT HAS DROPPED THE IDEA OF IMPORTING "SLANT RIGS" WHICH ARE CONSIDERED TECHNICALLY UNSOUND FOR ITS OFFSHORE OPERATIONS. QUESTIONED ON THE PROSPECTS FOR HELIRIGS SINCE A REPRESENTATIVE (NELSON HOWELL) FROM PARKER DRILLING CO., TULSA, OKLA HAS RECENTLY VISITED INDIA RAMASWAMY WAS RECEPTIVE PROVIDED THE US FIRM WAS PREPARED TO SELL ITS RIGS OUTRIGHT AND MODIFY THEM TO FIT ON ONGC'S PLATFORMS.

6. SINCE THE CONSULTANCY CONTRACTS WITH GEOMAN(US) AND CFP (FRANCE) HAVE BASICALLY CAME TO AN END WITH THE COMPLETION OF STAGE 1 DEVELOPMENT OF THE BH, ONGC IS NOW GIVING SERIOUS CONSIDERATION TO ENGAGE A FOREIGN CONSULTANCY FIRM WILLING TO PROVIDE TECHNICAL ASSISTANCE IN FINDING SOLUTIONS TO SPECIFIC PROBLEMS RELATING TO THE DEVELOPMENT OF THE BH. HOWEVER, ONGC IS NOT WILLING TO TURN OVER EITHER THE PLANNING OR MANAGEMENT OF THE BH TO ANY FIRM. IN THIS REGARD HE SPOKE FAVORABLY OF PHILIPS PETROLEUM WHICH MIGHT BE WILLING TO PROVIDE A "PROBLEM ORIENTED CONSULTANCY" SERVICE AS REQUIRED.

COMMENTS:

ALTHOUGH TRADE SOURCES CLAIM THAT BOMBAY HIGH IS IN "SHAMBLES" DUE TO ONGC'S VACILLATING DECISION MAKING AND DELAYS IN BRINGING ADDITIONAL WELLS INTO PRODUCTION, RAMASWAMY PAINTS A CONSIDERABLY MORE OPTIMISTIC PICTURE. WE HAVE CONFIRMED WITH MCDERMOTT'S REPRESENTATIVE THE PLANNED SCHEDULE FOR THE REMAINING FOUR PLATFORMS. HE STATED THAT ALTHOUGH THE CONTRACT EXTENSION BY SIX MONTHS HAD NOT BEEN SIGNED AS YET, NO PROBLEMS WERE FORESEEN. IN VIEW OF ITS GOOD BUSINESS RELATIONS WITH ONGC, MCDERMOTT IS HOPEFUL OF BEING CONSIDERED FOR THE SUBSEA PIPELINE PROJECT. SOURCE OF PROJECT FINANCING WOULD BE A DECISIVE FACTOR IN THE SELECTION OF PIPELINE LAYING CONTRACTOR AS WELL AS IMPORT OF REQUIRED EQUIPMENT. RECENTLY, GOI HAS RECEIVED A CREDIT OF GUILDERS 81 MILLION (APPROX. \$30 MILLION) FROM THE DUTCH GOVERNMENT FOR THE CONSTRUCTION OF A DERRICK CUM PIPELINE LAYING BARGE WHICH IS BEING BUILT AT ROTTERDAM DRYDOCK. THE CANCELLATION OF THE CONTRACT WITH SALVESEN OFFSHORE (UK)

FOR CHARTER OF THE DALMOHOY WAS ATTRIBUTABLE TO THE DRILL SHIP
BREAKING LOOSE FROM ITS MOORING DURING A CYCLONE IN JUNE BENDING
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A BOP (BLOW-OUT PRECENTOR) AS IT DRAGGED ACROSS A WELL HEA.
AS A RESULT IT WAS IMPOSSIBLE TO RE-ENTER THE WELL HEAD.
ALTHOUGH THE DALMOHOY HAD SUSPENDED OPERATIONS AT THAT TIME,
ONGC FELT IT WAS FOR NEGLIGENCE ON THE PART OF THE CONTRACTORS.
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